

Message Text

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PAGE 01 ATHENS 00807 270756Z
ACTION EUR-12

INFO OCT-01 ISO-00 H-01 L-03 CIAE-00 INR-07 NSAE-00
MCE-00 AID-05 IGA-02 EB-08 TRSE-00 OMB-01 ACDA-12
SS-15 NSCE-00 INRE-00 SSO-00 SP-02 PM-05 DODE-00
/074 W

-----049310 270809Z /17/50

O P 261554Z JAN 78
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TO SECSTATE WASHDC IMMEDIATE 4326
INFO AMEMBASSY ANKARA PRIORITY
AMEMBASSY NICOSIA PRIORITY
USMISSION USNATO PRIORITY
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C O N F I D E N T I A L ATHENS 0807

C O R R E C T E D C O P Y (TEXT)

E.O. 11652: XGDS-3
TAGS: MASS, GR, TU
SUBJ: FY-79 SECURITY ASSISTANCE FOR GREECE

REF: (A) STATE 20809 (NOTAL), (B) 77 ATHENS 11489

1. AS ANTICIPATED, GOG IS HIGHLY AGITATED AT NEWS GIVEN
ITS WASHINGTON EMBASSY YESTERDAY THAT U.S. ADMINISTRATION
PLANS TO DROP ALL GRANT AID TO GREECE IN FY-79 AND REDUCE
FMS CREDIT FROM \$140 MILLION TO \$122 MILLION, WHILE FMS
REQUEST FOR TURKEY REMAINS THE SAME AS LAST YEAR. IN RECEIVING
LINE AT HIS MIDDAY RECEPTION JANUARY 26, BEFORE EVEN SHAKING HANDS
FOREIGN MINISTER PAPALIGOURAS SAID TO ME, "THIS IS A TERRIBLE THING
AND COMES AT A MOST UNFORTUNATE TIME, RIGHT AFTER
SECRETARY VANCE'S VISIT. IT WILL SEEM TO CONFIRM WHAT
THE OPPOSITION HAS BEEN SAYING, THAT THE SECRETARY WAS
HERE TO PRESSURE GREECE AND WHEN THAT DID NOT WORK HE
CHOSE THIS MEANS OF PUTTING PRESSURE ON US TO MAKE CONCESSIONS."

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PAPALIGOURAS WAS NOT ABLE TO DISCUSS THE MATTER AT THE MOMENT BUT
ASKED THAT I SEE DIRECTOR GENERAL FOR POLITICAL AFFAIRS TZOUNIS
AS SOON AS POSSIBLE.

2. IN LATER MEETING WITH TZOUNIS, HE TOOK SAME LINE IN
MUCH GREATER DETAIL, POINTING OUT THAT DOMESTIC OPPONENTS
OF CLOSER U.S.-GREEK RELATIONS WILL SEIZE ON THIS AS A

SLAP IN THE FACE TO GREECE AND PROOF THAT DESPITE OUR PROTESTATIONS TO THE CONTRARY, U.S. REALLY FAVORS TURKEY. AFTER CONSIDERABLE DISCUSSION OF REASONS FOR THE CHANGES FROM FY-78 PROGRAM DURING WHICH I DREW HEAVILY ON PARA 3 REFTEL, TZOUNIS SEEMED TO ACCEPT THE FACT THAT THERE WAS NO CHANCE OF REINSTATING MAP AND IMETP. I COULD NOT CONVINCE HIM, HOWEVER, THAT REDUCTION OF FMS CREDIT FROM \$140 MILLION TO \$122 MILLION WAS "LOGICAL AND JUSTIFIABLE" OR THAT THERE WAS ANY BELIEVABLE WAY TO DEFEND THIS REDUCTION PUBLICLY SO IT DID NOT APPEAR THAT GREECE WAS BEING TREATED WORSE THAN TURKEY, WHICH "HAD CAUSED THE PROBLEMS" AND IS STILL UNDER PARTIAL EMBARGO. HE ARGUED (AND I MUST AGREE) THAT A DETAILED EXPLANATION OF HOW ADJUSTMENTS WOULD BE MADE AFTER SIGNATURE OF THE DCA SO THAT TOTAL SECURITY ASSISTANCE WOULD REACH THE PROMISED AMOUNT NOT ONLY WOULD NOT OFFSET THE MUCH MORE VIVID AND DAMAGING IMPRESSION THAT AID TO GREECE WAS BEING CUT, BUT WOULD ALSO MAKE IT APPEAR THAT THE U.S. IS, IN FACT, USING FINANCIAL PRESSURE TO FORCE GREECE TO SIGN THE DCA. TZOUNIS ASKED THAT I DO EVERYTHING POSSIBLE TO CONVINCE WASHINGTON THAT THE PROPOSED PROGRAM WOULD CAUSE SERIOUS POLITICAL DIFFICULTIES FOR CARAMANLIS AND MAKE IT HARDER FOR HIM TO MOVE AS FAST AS HE WOULD LIKE TO RESTORE NORMAL SECURITY RELATIONS WITH US.

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3. COMMENT: WHILE THE COMPLETE ELIMINATION OF GRANT AID FROM THE FY-79 PROPOSAL WILL CAUSE PRESENTATIONAL PROBLEMS FOR THE GOG, I BELIEVE IT CAN BE DEFENDED BELIEVABLY BY BOTH GOVERNMENTS. THIS IS NOT THE CASE WITH THE REDUCTION IN FMS WHICH THREATENS TO CONFIRM THE WORST GREEK SUSPICIONS OF OUR "EVENHANDEDNESS" AND TO MAKE MORE DIFFICULT OUR PROBLEM OF NUDGING THE GREEKS TOWARDS THE KIND OF BILATERAL AND NATO SECURITY RELATIONSHIPS AND COOPERATION ON CYPRUS THAT IS VERY MUCH IN OUR INTEREST. I STRONGLY URGE, THEREFORE, AND ALL COUNTRY TEAM MEMBERS CONCERNED AGREE, THAT A WAY BE FOUND TO PROPOSE \$140 MILLION IN FMS CREDIT FOR GREECE IN FY-79, AS WAS THE CASE IN FY-78. (IF NECESSARY, A DOWNWARD ADJUSTMENT COULD BE MADE DURING A LATER YEAR TO KEEP THE WNTIRE DCA FINANCIAL PACKAGE WITHIN THE \$700 MILLION LIMIT.) DELETION OF MAP SHOULD BE ENOUGH TO GET OUR MESSAGE ACROSS TO GOG. END COMMENT.

4. AFTER THE ABOVE WAS DRAFTED, MINISTER OF DEFENSE AVEROFF TELEPHONED ME FROM THE PELOPONNESE TO SAY HE HAD JUST LEARNED FROM CHIEF OF THE ARMED FORCES GENERAL DAVOS ABOUT THE PROPOSED MAP CUT. AVEROFF SAID

HIS FY-79 PLANS FOR THE GREEK MILITARY HAD ALREADY BEEN
MADE ON THE ASSUMPTION THAT GRANT AID WOULD CONTINUE,
AND ITS DELETION WOULD CREATE A DIFFICULT SITUATION IN
THE ARMED FORCES, AS WELL AS CONSIDERABLE MISUNDERSTANDING.
I DID NOT WANT TO DISCUSS DETAILS OF THE MATTER ON AN OPEN
TELEPHONE LINE BUT TOLD HIM I HAD TALKED WITH PAPALIGOURAS AND
TZOUNIS ABOUT THE MATTER AND WAS CABLING WASHINGTON.
MILLS

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